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Nunavut
Arctic College

ANNUAL REPORT

MOVE FORWARD WITH US

2005-2006

2008-05869/

■ Head Office

★ Campus Locations

● Community Learning Centre

▲ Nunavut Research Institute Research Centres

On the Cover: Stephanie Taptuna,
Office Administration Certificate Program.

Letter of Transmittal

I am pleased to forward the Annual Report for Nunavut Arctic College (NAC) for the period July 1st 2005 – June 30th, 2006. This report includes copies of the College's financial statements, as well as highlights of activities and accomplishments during the year.

This year's report shows that Nunavut Arctic College is in a much stronger financial position than in previous years and, as a result, the deficit accumulated from previous years has been eliminated. Increased demand for programs by government and industry kept staff at the Regional Campuses and Learning Centers throughout Nunavut busy during the 2005-2006 academic year. Partnerships with the Regional Inuit Organizations made it possible to offer employment related programs in communities in every region.

A great deal of time was spent by the Board, management and staff addressing the priorities set out for the College in the Letter of Expectation received from the Minister last year. I am pleased to report that considerable progress was made in achieving the priorities set out in the letter as they relate to Pinasuaqtavut, program delivery, and corporate and financial priorities. The Board understands the vital role Nunavut Arctic College plays in the development of Nunavut and is committed to providing the leadership needed to ensure the College provides quality post-secondary training in a fiscally responsible manner.

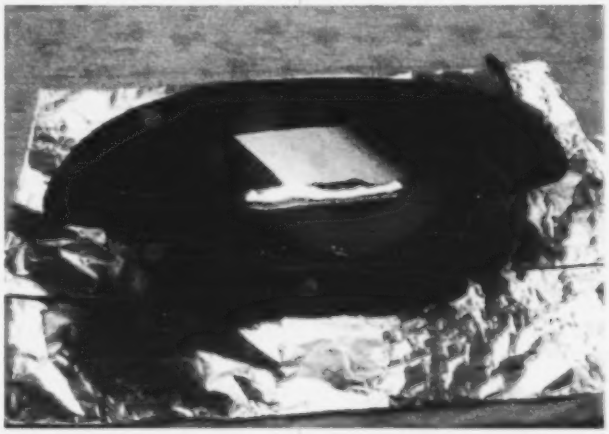
The Board of Governors of Nunavut Arctic College looks forward to continuing to work with you as we prepare the College for the future. Thank you for the support you have provided Nunavut Arctic College over the past year.

Sincerely,

Robert Leonard, Chairperson
Nunavut Arctic College

President's Report

In 2005-2006, enrolment in programs at Nunavut Arctic College stood at 1254 full time equivalents. This is lower than the levels attained last year due mainly to a reduction in community based programs. The College has been meeting with Regional Inuit Associations in each region as well as other partner organizations such as the Department of Education to consider how we can be more responsive to training needs in an effort to increase programming at the community level.



Nunavut Arctic College undertook a number of new initiatives during the year to achieve the objectives set out in the current business plan and to respond to priorities outlined in the Letter of Expectation received from the Minister Responsible for Nunavut Arctic College. The Standing Committee on Health and Education also held public hearings on the future of the College this past year. Their report, which was tabled in the legislature this spring, contained many recommendations which will be acted upon beginning in the next academic year.

Programs are currently offered at the major campuses in Iqaluit, Rankin Inlet and Cambridge Bay or through Community Learning Centres in 24 of the 26 communities in Nunavut. In addition, the Corporate Services, Academic Affairs, Finance and Administration divisions are located at the Head Office in Arviat. The Nunavut Research Institute is also an important arm of the College with operations in Iqaluit and Igloolik. This past year, in response to a recommendation in the report of the Standing Committee on Health and Education, the Office of the President was re-located to Iqaluit.

Nunavut Arctic College continued to deliver programs in every community across the territory in 2005-2006. This is an indication of the strong partnerships that exist with Regional Inuit Organizations, the Department of Education and other funding agencies. The partnership with the Municipal Training Organization to deliver the Municipal Government Program is now entering its third year. This program has proven to be very successful and beneficial for individuals employed by municipal governments who are able to take courses needed to enhance the skills and knowledge needed in the workplace, often in their home communities. Another exciting new initiative is the partnership struck with the Nunavut Fisheries Training Consortium for the identification and delivery of fisheries training. NAC has begun delivering the courses under this agreement in cooperation with the Marine Institute.

During this past year, the Academic Affairs division worked to establish a closer working relationship with the Department of Education. This resulted in the establishment of a joint Adult Basic Education working group, a territorial wide meeting to discuss a more coordinated approach to literacy initiatives in Nunavut and a joint proposal for a grant to develop and promote Nunavut specific prior learning and recognition tools. The Director of Academic Affairs also played an active role in the development of the Nunavut Adult Learning Strategy.

The College continues to expand library services across the College through the development of a web-based library catalogue, including cataloguing in Inuktitut all Inuktitut resources available through the library. The number of on-line databases available to staff and students to support academic research has also increased. The Director of Academic Affairs made a presentation to the Board of Governors in June 2006 on Building a Culturally Responsible College. The Academic Affairs division continues to provide academic leadership to College staff by overseeing the development of new programs and leading initiatives to become a more culturally responsive college. In June, the Board approved a work plan to proceed with making amendments to the Public College's Act.

In 2005-2006, as a result of taking a number of steps to strengthen financial management and monitor spending, Nunavut Arctic College was able to eliminate the deficit carried over from the previous year. The Chief Financial Officer continued to make many improvements to financial reporting for both the Board of Governors and the Senior Managers. These improvements included timely and accurate financial reports being issued to Senior Managers and quarterly reports provided to the Finance Committee of the Board of Governors which include a variance analysis. Preparing the budget for 2006-2007 as well as getting ready for the year end audit took a considerable amount of time. However, the budget was completed and approved by the Board at the June meeting in Cambridge Bay. Nunavut Arctic College is now in a much stronger financial position than it has been in a number of years.

President's Report

The new Funding Allocation Model was presented to the Department of Finance and subsequently to the Financial Management Board (FMB) in February, 2006. The FMB approved the model in principle and directed the College to return at a later date with a detailed costing on the implementation of the model. The new model will include consideration for the College's present and long term funding requirements. A key component of the model is the development of a comprehensive Program and Services Plan (PSP) which has been completed and approved by the Board of Governors. Subsequent to receiving Board approval, the PSP was forwarded to the Minister Responsible for Nunavut Arctic College for his review and consideration.

The Nunavut Research Institute (NRI) is also an important part of Nunavut Arctic College. NRI is the lead agency for science, research, and technology development within Nunavut. Over the past year, the Institute continued to provide leadership in developing, facilitating and promoting Inuit Qaujimajatuqangit as well as being a valuable resource for the people of Nunavut and southern researchers. The staff at NRI has also been busy preparing for the International Polar Year which will commence in 2007.

The success achieved by Nunavut Arctic College in 2005-2006 is a result of the combined effort of adult educators, instructors, support staff, and managers at all of our various locations. I would like to acknowledge the hard work of all our staff and thank them for their efforts during the year.

This past year contained many highlights and significant events at our regional campuses and Nunavut Research Institute. A summary of these activities is also included in this report.

Sincerely,

Malcolm Clendenning,
President
Nunavut Arctic College

Campus Highlights

Kivalliq Campus

The Kivalliq Campus is responsible for programming at the regional campus headquarters in Rankin Inlet and the Community Learning Centers throughout the Kivalliq Region. In 2005-2006, a total of 209 (full time equivalent) students were enrolled in College programs. Program development was the strongest activity during the 2005-2006 academic year for the Kivalliq Campus.

Highlights

- The Maternity Care Worker program was written and presented for approval to the Board of Governors. The certificate level program was pilot tested with students who were employees of the Rankin Inlet Birthing Centre. Work has begun on the second year of the program which will focus on midwifery skills and, through a transfer agreement with the University College of the North, leads to credit towards a four year midwifery degree program;
- The campus celebrated the opening of the new Community Aerodrome Radio Services Observer Communicator program training centre. Renovations included a new classroom, weather computer lab, observer communicator simulator rooms, and meteorological station pad. The first time students participated in this program was April 2006. Plans are to offer the program three times per year;
- The Premier and Minister Responsible for Nunavut Arctic College announced the creation of the Nunavut Trades Training Centre in Rankin Inlet. The design phase of the project is currently underway with construction scheduled for 2007 and opening in the fall of 2008. Programs offered at the centre will include construction, mining, transportation and a variety of other trades programs. A new Trades Training Coordinator will be hired in the 2006-2007 year to oversee the development of the project. Part of the project will include the construction of new family residences to accommodate the anticipated increase in enrolment;
- The Office Administration Certificate Program was offered for the first time as a base funded program and resulted in 8 graduates. Other full time programs included the Management Studies Certificate and Diploma from which there were a total of 22 graduates;
- A new Coordinator of Community Programs was hired and, as a result, there was increased programming and promotion of the Community Learning Centers in the region. Adult Basic Education (ABE) courses were held in all communities. Pre-Trades were delivered in partnership with the Municipal Training Organization and Department of Education in Whale Cove and Coral Harbour. The Science and Technology program was delivered in Arviat while high school equivalency (GED) courses were offered in Baker Lake, Coral Harbour, and Rankin Inlet. In addition, a number of courses sponsored by the Department of Human Resources were offered in Arviat, Baker Lake and Rankin Inlet including Inuktitut Language courses, Office Procedures and Customer Service Training; and
- The development of mining in the region continues as one of the strongest employment prospects and will continue to shape the direction of many training activities in each community.

Campus Highlights

Kitikmeot Campus

The Kitikmeot Campus is responsible for programming at the regional campus in Cambridge Bay and Community Learning Centres throughout the Kitikmeot Region. In 2005-2006, the Kitikmeot Campus had a total enrolment of 267 (full time equivalent) students.

Highlights

- The Human Services program graduated five students from the one year certificate and one from the two year diploma program;
- Adult Basic Education (ABE) programs were delivered in Cambridge Bay, Gjoa Haven, Kugluktuk and Taloyoak;
- Pre-Trades programs were offered successfully in Cambridge Bay, Gjoa Haven, and Kugluktuk with funding from the MTO and Department of Education;
- A number of professional development courses as well as language courses were offered in conjunction with the Department of Human Resources in various communities in the region;
- Municipal Training Organization (MTO) courses were also offered in each community in the Kitikmeot region as part of a three year delivery schedule;
- The new Campus Residence was completed in October 2005. These modern self contained units were well accepted by the students and can accommodate 20 students with families or 64 single students;
- An Office Administration program was offered in Cambridge Bay with funding from the Department of Education. A Record of Achievement in Office Administration was offered in Taloyoak with seven successful completions; and
- The College is working in partnership with Kitikmeot School Services to best utilize the Kiilinik High School shop to offer trades programs both at the high school and college level.

Campus Highlights

Nunatta Campus

The Nunatta Campus is responsible for programming at the campus in Iqaluit and the Community Learning Centres throughout the Baffin Region. There were 778 (full time equivalents) enrolled in College programs in 2005-2006.

Highlights

- Community Learning Centres offered programs and courses in a variety of areas including literacy, pre-employment training, trades, office administration, teacher education, MTO courses, and GN workshops;
- Training for Directors of Daycare workshop and Daycare Manager mentoring workshops were completed in 6 communities;
- The first year students of the Cape Dorset Jewelry and Metalwork program showcased their work at the Nunatta Sunakkutaangit Museum and the Nunavut Arts and Crafts Association (NACA) festival;
- Hairdressing and carpentry students participated in the first Skills Nunavut Competition. Three of these students also competed in the National Skills competition in Halifax;
- An intern instructor hired for the Environmental Technology program was accepted in the Bachelor of Technology program at Memorial University. The intern instructor is completing courses through Distance Education and co-teaching in the program;
- Delivery of the Nunavut Teacher Education Program (NTEP) occurred in Arviat, Arctic Bay, Igloolik and Kugaaruk;
- Two instructors and 6 students from NTEP in Iqaluit visited the Saami University College in Kautokeino through the North2North program in April;
- The new residence project was approved for Iqaluit with construction to begin in the fall of 2006. The project will include 24 family units, a single students facility and a daycare;
- An assessment of the Nunavut Nursing program was completed and submitted to the Education Advisory Committee for accreditation. The program received a four year accreditation and a very positive response from the evaluation committee;
- The Fine Arts program was visited by the Right Honourable Michaëlle Jean Governor General and her husband in the spring. This generated a lot of excitement as did her visit to the Nunatta Museum where she viewed the exhibit of the Cape Dorset jewelry and metalwork students;
- The Language & Culture Program, in partnership with l'Université Laval, received a research grant for $250,000 from the Social Sciences and Humanities Research Council of Canada (SSHRC) for 2005-2007. This is a collaborative project involving Nunatta Campus, Pairijait Tigummivik (Iqaluit Elders' Society) and Centre interuniversitaire d'études et de recherches autochtones (CIERA). The title of the project is *Inuit Voices in the Making of Nunavut*. The first book Abe Okpik:We Call it Survival Vol one was published in the fall of 2005;
- The Mental Health Worker Diploma program started in January 2006 with 16 students. There were 11 students remaining in the program at the end of June;
- Graduations where held for the Nunatta campus in April for certificate and diploma programs. There were 64 graduates who received certificates or diplomas at the graduation in Iqaluit and 48 who completed programs in the CLC's; and
- A ceremony for graduates in the University partnerships program was held in June. Five graduates of the Nursing program received degrees from Dalhousie University. In addition, 13 students received either a diploma or degree from Nunavut Arctic College and McGill University. Nine students completed the diploma program in Arviat.

Nunavut Research Institute

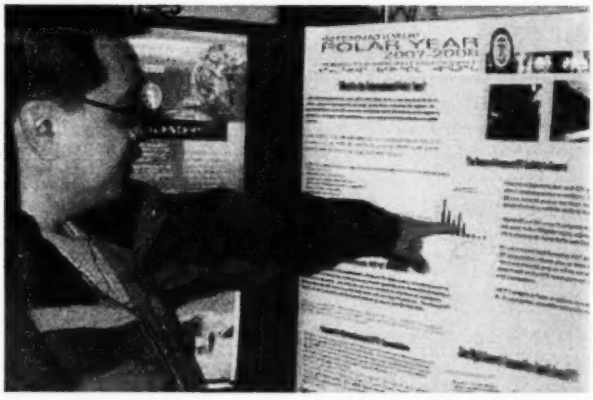
The mission of the Nunavut Research Institute (NRI) is to provide leadership in developing, facilitating and promoting traditional knowledge, science, research and technology as a resource for the well-being of people in Nunavut.

NRI acts as a broker on behalf of Nunavut community groups and individuals, provides information on research projects in a wide variety of areas, provides advice on research funding programs, and can assist in the development of project proposals for submission to funding agencies and programs.

The Institute has developed positive working relationships with many universities and government agencies that conduct or fund research in Nunavut. Some of the highlights for last year are:

Highlights:

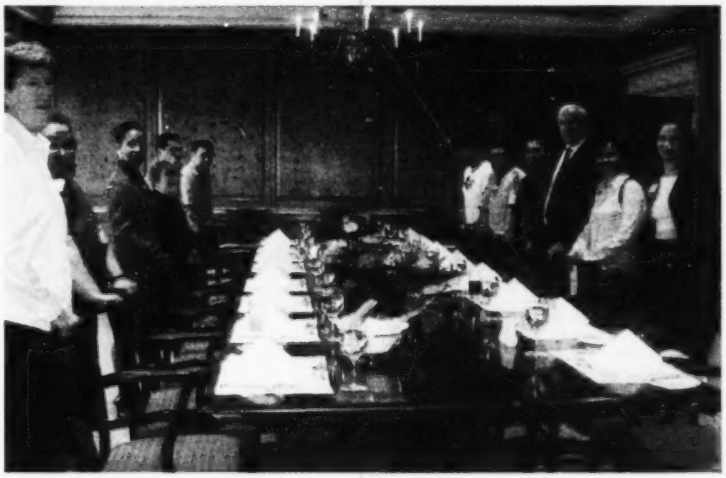
- Continued Inuit Qaujimajatuqangit (IQ) collection, translation and documentation at the Igloolik Research Centre;
- Completion of approximately 132 research licenses;
- NRI staff continued to participate in the climate change impacts and adaptation research network (C-CIARN North); and
- Participated in the Northern Contaminants Program (INAC);
- The interim Northern Node for the International Polar Year 2007 was established at NRI;
- Provided logistical support to researchers;
- Continued to receive financial support from Natural Sciences & Engineering Research Council (NSERC)/Social Sciences & Humanities Research Council (SSHRC) Indirect Costs program;
- Continued monitoring of the geomagnetic station for Geological Survey of Canada;
- Through NRI's Simply Science program science educators visited 12 schools in Nunavut communities. Approximately 1000 students, teachers, and Nunavut Teacher Education student teachers took part in the science related classroom activities; and
- Funding was secured for two more years from NSERC for science camps and community presentations.



Professional Development

The College annually sets aside a percentage of instructors' salaries as required by the Collective Agreement to support Professional Development (PD) activities. In 2005/2006, the College's Professional Development Committee was very active in promoting and supporting professional development activities. In August 2005, the PD committee was involved in organizing a college wide PD conference. Two staff members were also granted and successfully completed PD activities.

The Professional Development fund represents the accumulated annual provision for professional activities, less accumulated eligible professional development expenses. The balance of the fund at the end of the year was $332 thousand representing a net decrease of $154 thousand from the previous year balance.



Board of Governors

Nunavut Arctic College is responsible through the Board of Governors to the Minister, Responsible for Nunavut Arctic College. The Board of Governors determines policies respecting the administration of the College, including the Nunavut Research Institute. The Board of Governors recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared and presents budgets to the Minister in accordance with Part IX of the Financial Administration Act.

Nunavut Arctic College has the following Committees: Executive Committee, Finance Committee, Policy & Programs Committee, and a Nunavut Research Council.

Board of Governors for 2005/2006:

Robert Leonard
Member - Kivalliq Region
Chairperson of the Board of Governors
Member of the Executive Committee and Finance Committee

Melinda Tatty
Member - Kivalliq Region
Vice Chairperson of the Board of Governors
Chairperson of the Nunavut Research Council
Member of the Executive Committee and Finance Committee

Johnny Malaiya Kublu
Member - Baffin Region
Chairperson of the Finance Committee
Member of the Executive Committee

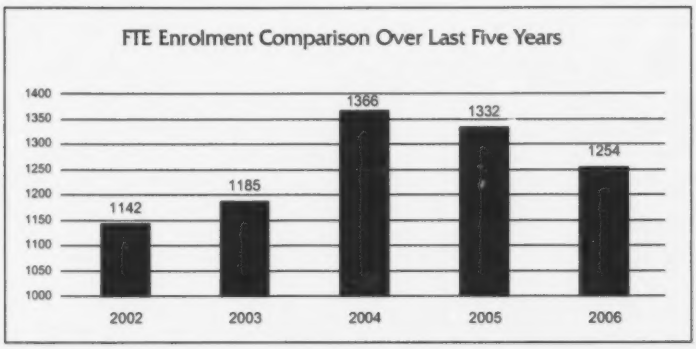
Uriash Puqignak
Member - Kitikmeot Region
Chairperson of the Policy and Programs Committee
Member of the Executive Committee

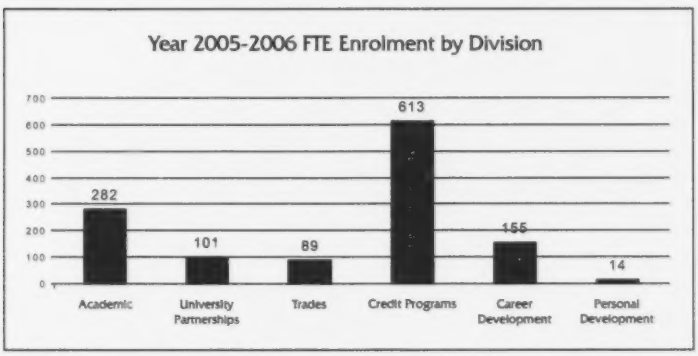
Grant Newman
Member - Kitikmeot Region
Member of the Finance Committee

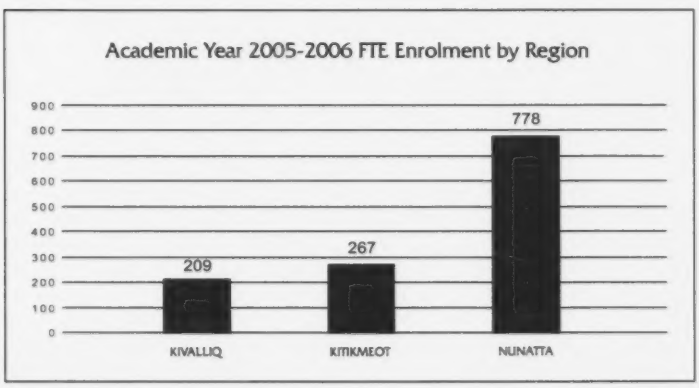
Alexis Utatnaq
Staff Representative
Member of the Finance Committee and the Policy and Programs Committee

Kowisa Arlooktoo
Student Representative
Member of the Policy and Programs Committee and Nunavut Research Council

Full-Time Equivalence







FINANCIAL STATEMENTS
June 30, 2006

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits, that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Finance Committee, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets periodically with management and the external auditors, who have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing her report thereon.

Mac Clendenning
President

Marcelo Parungao
Interim Bursar / Chief Financial Officer

October 23, 2006

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Education

I have audited the balance sheet of the Nunavut Arctic College as at June 30, 2006 and the statements of operations and surplus (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College, the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

Julie Charron

Julie Charron, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
October 23, 2006

BALANCE SHEET
as at June 30

(thousands)

	2006	2005
Assets		
Current:		
Cash	$ 773	$ 4,141
Short-term investments (Note 3)	14,092	14,564
Net accounts receivable (Note 4)	3,043	3,075
Prepaid expenses	61	85
	17,969	21,865
Equipment, furniture and building improvements (Note 5)	395	401
	$ 18,364	$ 22,266
Liabilities		
Current:		
Accounts payable and accrued liabilities	$ 1,448	$ 1,870
Due to the Government of Nunavut	3,561	12,588
Deferred government contributions (Note 8)	11,784	6,357
Deferred income	153	652
	16,946	21,467
Professional development fund (Note 6)	332	486
Employee future benefits (Note 7)	720	623
	17,998	22,576
Surplus (deficit)	366	(310)
	$ 18,364	$ 22,266

Commitments (Note 11)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Robert Leonard
Chairperson of the Board

Johnny Malaiya Kublu
Chairperson of the Finance Committee

STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT)
for the year ended June 30

(thousands)

	2006	2005
Revenues:		
Contract income (Note 9)	$ 6,661	$ 7,917
Room and board	641	719
Tuition fees	679	517
Miscellaneous revenue & recoveries	551	398
Investment income	300	254
	8,832	9,805
Expenses:		
Salaries and employee benefits (Note 7)	16,084	15,600
Fees and professional services	4,582	4,176
Buildings and utilities	3,488	2,919
Travel	1,327	1,176
Housing	1,210	1,113
Materials and supplies	807	785
Furniture and equipment	487	603
Telecommunications	252	272
Advertising and promotion	263	251
Bad debts	39	212
Freight and postage	186	201
Contributions to the Professional Development Fund (Note 6)	131	118
Amortization	78	81
	28,934	27,507
Net loss before government contributions	(20,102)	(17,702)
Government contributions (Note 8)	20,778	19,005
Net income after government contributions	676	1,303
Deficit, beginning of year	(310)	(1,613)
Surplus (deficit), end of year	$ 366	$ (310)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the year ended June 30

(thousands)

	2006	2005
Cash provided by (used for) operating activities:		
Cash provided by government contributions	$ 21,884	$ 23,188
Cash provided by contracts	5,851	7,968
Cash provided by other sources of income	2,051	1,655
Cash used in operations	(33,527)	(21,459)
Net cash provided by (used for) operating activities	(3,741)	11,352
Cash used for investing activities:		
Investments purchased	(14,055)	(19,000)
Investments disposed	14,500	4,529
Purchase of equipment, furniture and building improvements	(72)	(50)
Net cash provided by (used for) investing activities	373	(14,521)
Net decrease in cash	(3,368)	(3,169)
Cash, beginning of year	4,141	7,310
Cash, end of year	$ 773	$ 4,141

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006

1. THE COLLEGE

a) Authority and Purpose

The Nunavut Arctic College ("the College") is a Schedule B Public Agency as listed in the *Financial Administration Act* (FAA) and, accordingly operates in accordance with Part IX of the FAA and the Public Colleges Act. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies follows:

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Significant management estimates include the allowance for doubtful accounts receivable and the provision for employee future benefits.

b) Short-Term Investments

Short-term investments, which are carried at cost as they are intended to be held to maturity, are comprised of marketable securities with original maturity dates of more than 90 days but less than 12 months.

c) Contributions from the Government of Nunavut

Base Contributions

The College accrues its base contribution from the Government of Nunavut into income on a straight-line basis. The base contribution is set out in the Government's Main Estimates. Base contributions received in excess of amounts accrued are recorded as deferred government contributions. Supplementary contributions are recorded when receivable.

Services Provided Without Charge

The Government provides certain services without charge to the College. The estimated value of these services is recorded as government contributions – services provided without charge, and included in the expenses.

d) Contract Income

The College enters into contracts with private companies, federal and territorial government departments, agencies and Crown corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

e) Equipment, Furniture and Building Improvements

Equipment, furniture and building improvements transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1, 1995 were recorded at their estimated fair market value at that date. Subsequent acquisitions are recorded at cost. Equipment, furniture, and building improvements are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Computers and printers	25%
Furniture and equipment	10%
Building improvements	5%
Mobile equipment	10%

f) Employee Leave Benefits

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded as the benefits accrue to employees.

g) Employee Future Benefits

Pension Benefits

Employees of the College participate in the Public Service Pension Plan administered by the Government of Canada. The employees and the College contribute to the cost of the Plan. The College's contributions to the plan reflect the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions and may change from time to time depending on the experience of the Plan. These contributions are charged to expenditures on a current year basis, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Account.

Non-Pension Benefits

Under the conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service and has been determined based on management's best estimate. These benefits represent the only obligation of the College that entails settlement by future payment.

h) Future Accounting Changes

The Canadian Institute of Chartered Accountants issued three new guidelines on accounting for financial instruments.

Section 3855 – Financial Instruments – Recognition and Measurement. This standard establishes criteria for the recognition, derecognition, measurement and classification of financial instruments.

Section 1530 – Comprehensive Income. This standard requires certain gains and losses such as those arising from the valuation of financial instruments; that would otherwise be recorded as part of net income, be presented in other comprehensive income until such a time as it is considered appropriate for them to be recognized in net income.

Section 3865 – Hedges – Derivatives will be classified as held for trading unless designated as hedging instruments. All derivatives will be measured at fair value. For derivatives that hedge the changes in the fair value of an asset or liability, changes in the derivatives' fair value will be reported in the net income and offset by changes in the fair value of the hedged asset or liability.

The three new standards on accounting for financial instruments will be in effect for the College's 2007-2008 fiscal year at the latest. They require the College to review the form and elements of its income statement, review how it measures and recognizes financial assets and liabilities. Management has not yet fully assessed the impact of these accounting standards on its financial statements.

3. SHORT-TERM INVESTMENTS

The average yield of the portfolio held as of June 30, 2006 is 4.0% (2005 – 2.3%). The average term to maturity is 365 days (2005 - 284 days).

The College invests in the short-term money market and securities. These are limited to those that are 100% guaranteed by the Government of Canada.

4. NET ACCOUNTS RECEIVABLE

	2006	2005
STUDENT RECEIVABLE		
Government of Nunavut	$ 896	$ 865
Student Tuition	572	674
	1,468	1,539
CONTRACTS RECEIVABLE		
Government of Nunavut	1,692	1,252
Others	642	459
	2,334	1,711
SUNDRY RECEIVABLE		
Government of Nunavut	3	505
Sundry	120	151
	123	656
TOTAL RECEIVABLE	3,925	3,906
Less: Allowance for doubtful accounts	(882)	(831)
	$ 3,043	$ 3,075

There is no concentration of accounts receivable with any customer, except the Government of Nunavut ($2,591,000 for 2006, $2,622,000 for 2005).

With respect to Section 82 of the Financial Administration Act, no consideration of write-offs of uncollectible accounts by the Board of Governors was required during the year (2005-nil) as no amounts were deemed uncollectible. As a result, no amount is recorded in these financial statements in respect of write-offs.

5. EQUIPMENT, FURNITURE, AND BUILDING IMPROVEMENTS

(thousands)	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers and printers	$ 293	$ 278	$ 15	$ 31
Furniture and equipment	654	499	155	187
Building improvements	265	132	133	143
Mobile equipment	311	219	92	40
	$1,523	$1,128	$ 395	$ 401

6. PROFESSIONAL DEVELOPMENT FUND

The College is required, under the Nunavut Employees Union Collective Agreement, to contribute an amount equivalent to 3% (2005 - 3%) of teachers' salaries for professional development activities. Contributions to the professional development liability fund were $131,000 (2005 - $118,000) and this amount is recorded as an expense in the Statement of Operations and Surplus (Deficit).

The professional development liability represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses.

		2006	2005
Opening fund balance		$ 486	$ 568
Add:	Contribution	131	118
	Interest Earned	10	13
Less:	Expenditures	(295)	(213)
Closing fund balance		$ 332	$ 486

7. EMPLOYEE FUTURE BENEFITS

Pension

The College and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(thousands)	2006	2005
College's contributions	$ 1,178	$ 1,115
Employee's contributions	551	521

Non-Pension

The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and community of residence. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations. The accrued obligations at year end are as follows:

(thousands)	2006	2005
Severance & retirement	$ 358	$ 285
Removal	362	338
	$ 720	$ 623

8. GOVERNMENT CONTRIBUTIONS

(thousands)	2006	2005
Contributions received from the Government of Nunavut	$ 21,884	$ 23,188
Deferred revenue 2006	(11,784)	-
Deferred revenue 2005	6,357	(6,357)
Changes in accounts receivable	(499)	144
Current year contribution from Government of Nunavut	15,958	16,975
Services provided without charge	4,820	2,030
	$ 20,778	$ 19,005

Deferred government contributions of $11,784,000 (2005 - $6,357,000) represents contributions from the Government of Nunavut for the 2006/07 fiscal year base expenditures that were received in 2005/06.

9. RELATED PARTY TRANSACTIONS

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms. These transactions were as follows:

Contract Income

Of the $6,661,000 of contract income earned in the year, the College received $4,389,000 (2005 - $4,887,000) for courses delivered on behalf of the Government of Nunavut.

Expenses

Under the transfer policy of the Government of Nunavut, certain support services are provided to the College by various Government departments and Crown corporations. Services charged to the College were nil this year (2005 - $1,832,000) for the use of buildings and operating costs of all facilities. These costs are recorded as expenses in the Statement of Operations and Surplus (Deficit).

Services Provided Without Charge

The College received payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centres. The Government's amortization expenses for these assets has been used as the basis for the estimated cost of the use of these facilities. In addition, effective July 1, 2005, responsibility for the utilities for the buildings the College occupied was transferred from the College to the Government of Nunavut.

(thousands)	2006	2005
Employee benefits	$ 695	$ 804
Use of facilities	3,383	719
Payroll processing and other services	742	507
	$ 4,820	$ 2,030

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The transactions related to accounts receivable, accounts payable and accrued liabilities and the amounts due to the Government are incurred in the normal course of business. The carrying amounts of each of these accounts approximate their fair value because of their short-term maturity.

11. COMMITMENTS

In addition to the facilities provided by the Government, the College has operating leases and service agreements for student accommodation, office equipment and other services and is committed to the following basic payments over the next three years:

(thousands)	
2007	$ 1,461
2008	42
2009	21
	$ 1,524